

# **BMS Financial Advisors, LLC**

## **Form ADV Part 2A – Disclosure Brochure**

**Effective: March 04, 2022**

This Form ADV Part 2A (“Disclosure Brochure”) provides information about the qualifications and business practices of BMS Financial Advisors, LLC (“BMS Financial” or the “Advisor”). If you have any questions about the contents of this Disclosure Brochure, please contact the Advisor at (605) 341-1555.

BMS Financial is a registered investment advisor with U.S. Securities and Exchange Commission. The information in this Disclosure Brochure has not been approved or verified by the SEC or by any state securities authority. Registration of an investment advisor does not imply any specific level of skill or training. This Disclosure Brochure provides information about BMS Financial to assist you in determining whether to retain the Advisor.

Additional information about BMS Financial and its Advisory Persons is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with the Advisor’s firm name or CRD# 134738.

**BMS Financial Advisors, LLC**  
**1508 Mountain View Road**  
**Rapid City, SD 57702**  
**Phone: (605) 341-1555 \* Fax: (605) 341-0641**  
<http://www.bmsadvisors.com/>

## Item 2 – Material Changes

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Form ADV 2 is divided into two parts: *Part 2A (the "Disclosure Brochure")* and *Part 2B (the "Brochure Supplement")*. The Disclosure Brochure provides information about a variety of topics relating to an Advisor's business practices and conflicts of interest. The Brochure Supplement provides information about the Advisory Persons of BMS Financial. For convenience, we have combined these documents into a single disclosure document.

BMS Financial believes that communication and transparency are the foundation of its relationship with clients and will continually strive to provide you with complete and accurate information at all times. BMS Financial encourages all current and prospective clients to read this Disclosure Brochure and discuss any questions you may have with the Advisor.

### Material Changes

There have been no material changes made to this Disclosure Brochure since the last filing and distribution to Clients.

### Future Changes

From time to time, the Advisor may amend this Disclosure Brochure to reflect changes in business practices, changes in regulations or routine annual updates as required by the securities regulators. This complete Disclosure Brochure or a Summary of Material Changes shall be provided to you annually and if a material change occurs.

At any time, you may view the current Disclosure Brochure on-line at the SEC's Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with our firm name or our CRD# 134738. You may also request a copy of this Disclosure Brochure at any time by contacting the Advisor at (605) 341-1555

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### Item 3 – Table of Contents

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<b>Item 1 – Cover Page .....</b>	<b>1</b>
<b>Item 2 – Material Changes .....</b>	<b>2</b>
<b>Item 3 – Table of Contents .....</b>	<b>3</b>
<b>Item 4 – Advisory Services.....</b>	<b>4</b>
A. Firm Information .....	4
B. Advisory Services Offered.....	4
C. Client Account Management .....	6
D. Wrap Fee Programs.....	6
E. Assets Under Management.....	7
<b>Item 5 – Fees and Compensation .....</b>	<b>7</b>
A. Fees for Advisory Services.....	7
B. Fee Billing.....	8
C. Other Fees and Expenses.....	8
D. Advance Payment of Fees and Termination .....	9
E. Compensation for Sales of Securities .....	9
<b>Item 6 – Performance-Based Fees and Side-By-Side Management .....</b>	<b>10</b>
<b>Item 7 – Types of Clients .....</b>	<b>10</b>
<b>Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss .....</b>	<b>10</b>
A. Methods of Analysis .....	10
B. Risk of Loss .....	11
<b>Item 9 – Disciplinary Information .....</b>	<b>11</b>
<b>Item 10 – Other Financial Industry Activities and Affiliations.....</b>	<b>12</b>
<b>Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....</b>	<b>12</b>
A. Code of Ethics .....	12
B. Personal Trading with Material Interest.....	12
C. Personal Trading in Same Securities as Clients .....	12
D. Personal Trading at Same Time as Client.....	12
<b>Item 12 – Brokerage Practices .....</b>	<b>13</b>
A. Recommendation of Custodian[s] .....	13
B. Aggregating and Allocating Trades .....	13
<b>Item 13 – Review of Accounts.....</b>	<b>14</b>
A. Frequency of Reviews .....	14
B. Causes for Reviews.....	14
C. Review Reports.....	14
<b>Item 14 – Client Referrals and Other Compensation .....</b>	<b>14</b>
A. Compensation Received by BMS Financial .....	14
B. Client Referrals from Solicitors .....	14
<b>Item 15 – Custody.....</b>	<b>14</b>
<b>Item 16 – Investment Discretion .....</b>	<b>15</b>
<b>Item 17 – Voting Client Securities .....</b>	<b>15</b>
<b>Item 18 – Financial Information .....</b>	<b>15</b>
<b>Privacy Policy .....</b>	<b>16</b>

## **Item 4 – Advisory Services**

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### **A. Firm Information**

BMS Financial Advisors, LLC (“BMS Financial” or the “Advisor”) is a registered investment advisor with the U.S. Securities and Exchange Commission. The Advisor is organized as a Limited Liability Company (LLC) under the laws of the State of South Dakota. BMS Financial was founded in February 2005, and is owned and operated by Hugh T. Boyle (Chief Executive Officer and Managing Member) and Douglas A. Maher (Chief Compliance Officer, President and Management Member). This Disclosure Brochure provides information regarding the qualifications, business practices, and the advisory services provided by BMS Financial.

### **B. Advisory Services Offered**

BMS Financial offers investment advisory services to individuals, high net worth individuals, trusts, estates, businesses and charitable organizations (each referred to as a “Client”).

The Advisor serves as a fiduciary to Clients, as defined under the applicable laws and regulations. As a fiduciary, the Advisor upholds a duty of loyalty, fairness and good faith towards each Client and seeks to mitigate potential conflicts of interest. Our fiduciary commitment is further described in our Code of Ethics. For more information regarding our Code of Ethics, please see Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.

#### Wealth Management Services

BMS Financial may provide Clients with wealth management services, which generally includes a broad range of comprehensive financial planning and consulting services in connection with discretionary management of investment portfolios. These services may also be offered on a stand-alone basis and are described below.

#### Investment Management Services

BMS Financial provides customized investment advisory solutions for its Clients. This is achieved through continuous personal Client contact and interaction while providing discretionary and non-discretionary investment management and related advisory services. BMS Financial works closely with each Client to identify their investment goals and objectives as well as risk tolerance and financial situation in order to create a portfolio strategy. BMS Financial will then construct an investment portfolio, consisting diversified mutual funds and/or exchange-traded funds (“ETFs”) to achieve the Client’s investment goals. The Advisor may also utilize individual stocks, bonds or options contracts to meet the needs of its Clients. The Advisor may retain certain types of investments based on a Client’s legacy investments based on portfolio fit and/or tax considerations.

BMS Financial’s investment approach is primarily long-term focused, but the Advisor may buy, sell or re-allocate positions that have been held for less than one year to meet the objectives of the Client or due to market conditions. BMS Financial will construct, implement and monitor the portfolio to ensure it meets the goals, objectives, circumstances, and risk tolerance agreed to by the Client. Each Client will have the opportunity to place reasonable restrictions on the types of investments to be held in their respective portfolio, subject to acceptance by the Advisor.

BMS Financial evaluates and selects investments for inclusion in Client portfolios only after applying its internal due diligence process. BMS Financial may recommend, on occasion, redistributing investment allocations to diversify the portfolio. BMS Financial may recommend specific positions to increase sector or asset class weightings. The Advisor may recommend employing cash positions as a possible hedge against market movement. BMS Financial may recommend selling positions for reasons that include, but are not limited to, harvesting capital gains or losses, business or sector risk exposure to a specific security or class of securities, overvaluation or overweighting of the position[s] in the portfolio, change in risk tolerance of the Client, generating cash to meet Client needs, or any risk deemed unacceptable for the Client’s risk tolerance.

At no time will BMS Financial accept or maintain custody of a Client’s funds or securities, except for the limited authority as outlined in Item 15 – Custody. All Client assets will be managed within the designated account[s] at the Custodian, pursuant to the terms of the advisory agreement. Please see Item 12 – Brokerage Practices.

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When the Advisor provides investment advice to Clients regarding ERISA retirement accounts or individual retirement accounts ("IRAs"), the Advisor is a fiduciary within the meaning of Title I of the Employee Retirement Income Security Act ("ERISA") and/or the Internal Revenue Code ("IRC"), as applicable, which are laws governing retirement accounts. When deemed to be in the Client's best interest, the Advisor will provide investment advice to a Client regarding a distribution from an ERISA retirement account or to roll over the assets to an IRA, or recommend a similar transaction including rollovers from one ERISA sponsored Plan to another, one IRA to another IRA, or from one type of account to another account (e.g. commission-based account to fee-based account). Such a recommendation creates a conflict of interest if the Advisor will earn a new (or increase its current) advisory fee as a result of the transaction. No client is under any obligation to roll over a retirement account to an account managed by the Advisor.

#### Managed Account Programs

BMS Financial may recommend to Clients that all or a portion of their portfolio be implemented by utilizing one or more unaffiliated money managers participating in a managed accounts program at the Client's Custodian (the "Program Sponsor"). The Client will then enter into a program and investment advisory agreement with the Program Sponsor and the participating money manager[s]. The Advisor will assist and advise the Client in establishing investment objectives for the account, the selection of the money manager[s], and defining any restrictions on the account. BMS Financial will continue to provide oversight of the Client's account[s] and ongoing monitoring of the activities of the unaffiliated money managers.

These money managers will develop an investment strategy to meet those objectives by identifying appropriate investments and monitoring such investments. In consideration for such services, the Program Sponsor will charge a program fee that includes the investment advisory fee of the money managers, the administration of the program and trading, clearance and settlement costs. The Program Sponsor will add BMS Financial's investment advisory fee (described below in Item 5) and will deduct the overall fee from the Client's account[s], generally at the start of each calendar quarter. The asset-based program fee is tiered and varies depending on the size of the account, the asset class of the underlying securities and the sub-advisor selected. The overall fee (including the Advisor's investment advisory fee) will not exceed 3% annually.

BMS Financial may receive monetary compensation from these unaffiliated money managers or the Program Sponsor, other than BMS Financial's investment advisory fee, as described in Item 5 below. The additional compensation comes in the form of flights or hotels for meetings.

The Client, prior to entering into an agreement with a Program Sponsor, will be provided with the Program Sponsor's Form ADV Part 2A (or a brochure that makes the appropriate disclosures). In addition, BMS Financial and its Client will agree in writing that that selected Program Sponsor will manage the Client's account[s] on a discretionary basis.

#### Financial Planning Services

BMS Financial will typically provide a variety of financial planning and consulting services to Clients, pursuant to a written financial planning agreement. Services are offered in several areas of a Client's financial situation, depending on their goals, objectives and financial circumstance.

Generally, such financial planning services involve preparing a formal financial plan or rendering a specific financial consultation based on the Client's financial goals and objectives. This planning or consulting may encompass one or more areas of need, including but not limited to, investment planning, retirement planning, personal savings, education savings, insurance needs and other areas of a Client's financial situation.

A financial plan developed for, or financial consultation rendered to the Client will usually include general recommendations for a course of activity or specific actions to be taken by the Client. For example, recommendations may be made that the Client start or revise their investment programs, commence or alter retirement savings, establish education savings and/or charitable giving programs.

BMS Financial may also refer Clients to an accountant, attorney or other specialists, as appropriate for their unique situation. For certain financial planning engagements, the Advisor will provide a written summary of the

Client's financial situation, observations, and recommendations. For consulting or ad-hoc engagements, the Advisor may not provide a written summary. Plans or consultations are typically completed within six (6) months of contract date, assuming all information and documents requested are provided promptly.

Financial planning and consulting recommendations pose a conflict between the interests of the Advisor and the interests of the Client. For example, the Advisor has an incentive to recommend that Clients engage the Advisor for investment management services or to increase the level of investment assets with the Advisor, as it would increase the amount of advisory fees paid to the Advisor. Clients are not obligated to implement any recommendations made by the Advisor or maintain an ongoing relationship with the Advisor. If the Client elects to act on any of the recommendations made by the Advisor, the Client is under no obligation to implement the transaction through the Advisor.

#### Retirement Plan Advisory and Consulting Services

BMS Financial may provide advisory or consulting services on behalf of retirement plans (each a "Plan") and the company (the "Plan Sponsor"). The Advisor's retirement plan advisory services are designed to assist the Plan Sponsor in meeting its fiduciary obligations to the Plan and its Plan Participants. Each engagement is customized to the needs of the Plan and Plan Sponsor. Services generally include:

- Vendor Analysis
- Plan Participant Enrollment and Education Tracking
- Investment Policy Statement ("IPS") Design and Monitoring
- Investment Management Services (ERISA 3(38))
- Investment Oversight Services (ERISA 3(21))
- Investment Consulting and Due Diligence
- Performance Reporting
- Ongoing Investment Recommendation and Assistance
- ERISA 404(c) Assistance

Certain of these services are provided by BMS Financial serving in the capacity as a fiduciary under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). In accordance with ERISA Section 408(b)(2), the Plan Sponsor is provided with a written description of BMS Financial's fiduciary status, the specific services to be rendered and all direct and indirect compensation the Advisor reasonably expects under the engagement.

#### **C. Client Account Management**

Prior to engaging BMS Financial to provide investment advisory services, each Client is required to enter into one or more agreements with the Advisor that define the terms, conditions, authority and responsibilities of the Advisor and the Client. These services may include:

- Establishing an Investment Strategy – BMS Financial, in connection with the Client, will develop a strategy that seeks to achieve the Client's goals and objectives.
- Asset Allocation – BMS Financial will develop a strategic asset allocation that is targeted to meet the investment objectives, time horizon, financial situation and tolerance for risk for each Client.
- Portfolio Construction – BMS Financial will develop a portfolio for the Client that is intended to meet the stated goals and objectives of the Client.
- Investment Management and Supervision – BMS Financial will provide investment management and ongoing oversight of the Client's investment portfolio.

#### **D. Wrap Fee Programs**

BMS Financial does not sponsor a wrap fee program in connection with their investment management services. However, the Managed Opportunities Program offered by Securities America and certain Managed Account programs are wrap fee programs. A wrap fee program is defined as any advisory program under which a

specified fee or fees not based directly upon transactions in a Client's account is charged for investment advisory services (which may include portfolio management or advice concerning the selection of other investment advisers) and the execution of Client transactions. Whenever a fee is charged to a Client for services described in this brochure (whether wrap fee or non-wrap fee), we will receive all or a portion of the fee charged.

A complete description of these programs and related fees, charges, when due and termination procedures are described in the respective managers disclosure brochures, which you receive at or prior to the time a third party managed account is established.

#### **E. Assets Under Management**

As of December 31, 2021, BMS Financial manages \$410,120,153 in Client assets, \$402,411,313 of which are managed on a discretionary basis and \$7,708,840 on a non-discretionary basis. Clients may request more current information at any time by contacting the Advisor.

### **Item 5 – Fees and Compensation**

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The following paragraphs detail the fee structure and compensation methodology for services provided by the Advisor. Each Client engaging the Advisor for services described herein shall be required to enter into a written agreement with the Advisor.

#### **A. Fees for Advisory Services**

##### Wealth Management / Investment Management Services

Investment advisory fees are paid quarterly in advance of each calendar quarter, pursuant to the terms of the investment advisory agreement. Investment advisory fees are based on the market value of assets under management at the end of the prior calendar quarter. Investment advisory fees are based on the following schedule:

<b>Assets Under Management (\$)</b>	<b>Annual Rate (%)</b>
Up to \$250,000	1.25%
\$250,001 to \$500,000	1.20%
\$500,001 to \$750,000	1.10%
\$750,001 to \$1,250,000	0.90%
\$1,250,001 to \$2,000,000	0.85%
\$2,000,001 to \$5,000,000	0.70%
\$5,000,001 to \$25,000,000	0.50%
\$25,000,001 and Above	0.40%

The investment advisory fee in the first quarter of service is prorated from the inception date of the account[s] to the end of the first quarter. Fees may be negotiable at the sole discretion of the Advisor. The Client's fees will take into consideration the aggregate assets under management with the Advisor. All securities held in accounts managed by BMS Financial will be independently valued by the Custodian. The Advisor will conduct periodic reviews of the Custodian's valuations.

The Advisor's fee is exclusive of, and in addition to, brokerage fees, transaction fees, and other related costs and expenses, which may be incurred by the Client. However, the Advisor shall not receive any portion of these commissions, fees, and costs.

##### Managed Accounts Programs

Fees for Clients participating in managed accounts programs may also BMS Financial's investment advisory fee above plus the Program Sponsor's Fee.



#### Financial Planning Services

BMS Financial offers financial planning services on an hourly basis up to \$250 per hour. Fees may be negotiable based on the nature and complexity of the services to be provided and the overall relationship with the Advisor. An estimate for total hours and overall costs will be provided to the Client prior to engaging for these services.

#### Retirement Plan Advisory and Consulting Services

Retirement plan advisory fees are typically paid quarterly, in advance, pursuant to the terms of the retirement plan advisory agreement. Retirement plan advisory fees are charged an annual asset-based fee of up to 1.00%, based on the scope of the services to be rendered and the size and complexity of the engagement. The Advisor may also offer its services as a fixed annual fee, paid quarterly. Fees may be negotiable at the sole discretion of the Advisor.

For consulting services, the Advisor charges an ongoing consulting fee. Ongoing engagements are billed a quarterly fee based on the scope and complexity of the services to be provided by the Advisor.

### **B. Fee Billing**

#### Wealth Management / Investment Management Services

Investment advisory fees are calculated by the Advisor or its delegate and deducted from the Client's account[s] at the Custodian. The Advisor shall send an invoice to the Custodian indicating the amount of the fees to be deducted from the Client's account[s] at the beginning of the respective quarter. The amount due is calculated by applying the quarterly rate (annual rate divided by actual days in the quarter) to the total assets under management with BMS Financial at the end of the prior quarter. Clients will be provided with a statement, at least quarterly, from the Custodian reflecting deduction of the investment advisory fee. It is the responsibility of the Client to verify the accuracy of these fees as listed on the Custodian's brokerage statement as the Custodian does not assume this responsibility. Clients provide written authorization permitting advisory fees to be deducted by BMS Financial to be paid directly from their account[s] held by the Custodian as part of the investment advisory agreement and separate account forms provided by the Custodian.

#### Managed Accounts Programs

Clients participating in a managed accounts program or referred to unaffiliated money managers or investment advisors will be billed in accordance to the investment advisory agreement with the respective Program Sponsor or advisor. Program Sponsors may add BMS Financial's investment advisory fee and deduct the overall fee from the Client's account[s] or bill separately.

#### Financial Planning Services

Financial planning fees may be invoiced up to fifty percent (50%) of the expected total fee upon execution of the financial planning agreement. The balance shall be invoiced upon completion of the agreed upon deliverable[s].

#### Retirement Plan Advisory and Consulting Services

Fees may be directly invoiced to the Plan Sponsor or deducted from the assets of the Plan, depending on the terms of the retirement plan advisory agreement.

### **C. Other Fees and Expenses**

Clients may incur certain fees or charges imposed by third parties, other than BMS Financial, in connection with investments made on behalf of the Client's account[s]. The Client is responsible for all custody and securities execution fees charged by the Custodian, if applicable. The fees charged by BMS Financial are separate and distinct from these custody and execution fees.

In addition, all fees paid to BMS Financial for investment advisory services are separate and distinct from the expenses charged by mutual funds and ETFs to their shareholders, if applicable. These fees and expenses are described in each fund's prospectus. These fees and expenses will generally be used to pay management fees for the funds, other fund expenses, account administration (e.g., custody, brokerage and account reporting), and a possible distribution fee. A Client may be able to invest in these products directly, without the services of BMS Financial, but would not receive the services provided by BMS Financial which are designed, among other things, to assist the Client in determining which products or services are most appropriate for each Client's financial situation and objectives. Accordingly, the Client should review both the fees charged by the fund[s] and

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the fees charged by BMS Financial to fully understand the total fees to be paid. Please refer to Item 12 – Brokerage Practices for additional information.

#### **D. Advance Payment of Fees and Termination**

##### Wealth Management / Investment Management Services

BMS Financial may be compensated for its services in advance of the quarter in which investment advisory services are rendered. Either party may terminate the investment advisory agreement, at any time, by providing advance written notice to the other party. The Client may also terminate the investment advisory agreement within five (5) business days of signing the Advisor's agreement at no cost to the Client. After the five-day period, the Client will incur charges for bona fide advisory services rendered to the point of termination and such fees will be due and payable by the Client. The Advisor will refund any unearned, prepaid investment advisory fees from the effective date of termination to the end of the quarter. The Client's investment advisory agreement with the Advisor is non-transferable without the Client's prior consent.

##### Managed Accounts Programs

In the event that a Client should wish to terminate their relationship with a managed accounts program or unaffiliated investment advisor, the terms for termination will be set forth in the respective agreements between the Client and those third parties. BMS Financial will assist the Client with the termination and transition as appropriate.

##### Financial Planning Services

BMS Financial requires an advance deposit as described above. Either party may terminate the financial planning agreement by providing advance written notice to the other party. The Client may also terminate the financial planning agreement within five (5) business days of signing the Advisor's agreement at no cost to the Client. After the five-day period, the Client will incur charges for bona fide advisory services rendered to the point of termination and such fees will be due and payable by the Client. Upon termination, the Client shall be billed for actual hours logged on the planning project times the contractual hourly rate. The Advisor will refund any unearned, prepaid planning fees from the effective date of termination. The Client's financial planning agreement with the Advisor is non-transferable without the Client's prior consent.

##### Retirement Plan Advisory and Consulting Services

BMS Financial is compensated for its retirement plan advisory services at the end of the quarter in which retirement plan advisory services are rendered. Either party may terminate the retirement plan advisory or consulting agreement, at any time, by providing advance written notice to the other party. The Client may also terminate the agreement within five (5) business days of signing the Advisor's retirement plan advisory at no cost to the Client. After the five-day period, the Client will incur charges for bona fide advisory services rendered to the point of termination and such fees will be due and payable by the Client. The Client's retirement plan advisory or consulting agreement with the Advisor is non-transferable without the Client's prior consent.

#### **E. Compensation for Sales of Securities**

BMS Financial does not buy or sell securities to earn commissions and does not receive any compensation for securities transactions in any Client account, other than the investment advisory fees noted above.

Advisory Persons are also registered representatives of SagePoint Financial, Inc. ("SagePoint"). SagePoint is a registered broker-dealer (CRD No. 133763), member FINRA, SIPC. In one's separate capacity as a registered representative of SagePoint, the Advisory Person will implement securities transactions under SagePoint and not through BMS Financial. In such instances, the Advisory Person will receive commission-based compensation in connection with the purchase and sale of securities, including 12b-1 fees for the sale of investment company products. Compensation earned by the Advisory Person in one's capacity as a registered representative is separate and in addition to the Advisor's fees. This practice presents a conflict of interest because the Advisory Person who is a registered representative has an incentive to effect securities transactions for the purpose of generating commissions rather than solely based on the Client. Clients are not obligated to implement any recommendation provided by the Advisor nor Advisory Persons. Neither the Advisor nor Advisory Persons will earn ongoing investment advisory fees in connection with any products or services implemented in the Advisory

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Person's separate capacity as a registered representative. Please see Item 10 – Other Financial Industry Activities and Affiliations.

Advisory Persons are also licensed as independent insurance professionals. These persons will earn commission-based compensation for selling insurance products, including insurance products they sell to Clients. Insurance commissions earned by these persons are separate and in addition to advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of the Advisor who are insurance agents have an incentive to recommend insurance products to Clients for the purpose of generating commissions rather than solely based on Client needs. However, Clients are under no obligation, contractually or otherwise, to purchase insurance products through any person affiliated with the Advisor. Please see Item 10 – Other Financial Industry Activities and Affiliations.

## **Item 6 – Performance-Based Fees and Side-By-Side Management**

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BMS Financial does not charge performance-based fees for its investment advisory services. The fees charged by BMS Financial are as described in Item 5 above and are not based upon the capital appreciation of the funds or securities held by any Client.

BMS Financial does not manage any proprietary investment funds or limited partnerships (for example, a mutual fund or a hedge fund) and has no financial incentive to recommend any particular investment options to its Clients.

## **Item 7 – Types of Clients**

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BMS Financial offers investment advisory services to individuals, high net worth individuals, trusts, businesses and charitable organizations. BMS Financial's primary goal is to create long term relationships with clients that have wonderful attitudes. We generally require a minimum relationship size of \$250,000 to effectively implement its investment process. We reserve the right to waive or reduce at our sole discretion.

## **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss**

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### **A. Methods of Analysis**

BMS Financial primarily employs a fundamental analysis method in developing investment strategies for its Clients. Research and analysis from BMS Financial are derived from numerous sources, including financial media companies, third-party research materials, Internet sources, and review of company activities, including annual reports, prospectuses, press releases and research prepared by others.

*Fundamental analysis* utilizes economic and business indicators as investment selection criteria. This criteria consists generally of ratios and trends that may indicate the overall strength and financial viability of the entity being analyzed. Assets are deemed suitable if they meet certain criteria to indicate that they are a strong investment with a value discounted by the market. While this type of analysis helps the Advisor in evaluating a potential investment, it does not guarantee that the investment will increase in value. Assets meeting the investment criteria utilized in the fundamental analysis may lose value and may have negative investment performance. The Advisor monitors these economic indicators to determine if adjustments to strategic allocations are appropriate. More details on the Advisor's review process are included below in Item 13 – Review of Accounts.

As noted above, BMS Financial generally employs a long-term investment strategy for its Clients, as consistent with their financial goals. BMS Financial will typically hold all or a portion of a security for more than a year, but may hold for shorter periods for the purpose of rebalancing a portfolio or meeting the cash needs of Clients. At times, BMS Financial may also buy and sell positions that are more short-term in nature, depending on the goals of the Client and/or the fundamentals of the security, sector or asset class.

## **B. Risk of Loss**

Investing in securities involves certain investment risks. Securities may fluctuate in value or lose value. Clients should be prepared to bear the potential risk of loss. BMS Financial will assist Clients in determining an appropriate strategy based on their tolerance for risk and other factors noted above. However, there is no guarantee that a Client will meet their investment goals.

While the methods of analysis help the Advisor in evaluating a potential investment, it does not guarantee that the investment will increase in value. Assets meeting the investment criteria utilized in these methods of analysis may lose value and may have negative investment performance. The Advisor monitors these economic indicators to determine if adjustments to strategic allocations are appropriate. More details on the Advisor's review process are included below in Item 13 – Review of Accounts.

Each Client engagement will entail a review of the Client's investment goals, financial situation, time horizon, tolerance for risk and other factors to develop an appropriate strategy for managing a Client's account. Client participation in this process, including full and accurate disclosure of requested information, is essential for the analysis of a Client's account[s]. The Advisor shall rely on the financial and other information provided by the Client or their designees without the duty or obligation to validate the accuracy and completeness of the provided information. It is the responsibility of the Client to inform the Advisor of any changes in financial condition, goals or other factors that may affect this analysis.

The risks associated with a particular strategy are provided to each Client in advance of investing Client accounts. The Advisor will work with each Client to determine their tolerance for risk as part of the portfolio construction process. Following are some of the risks associated with the Advisor's investment approach:

### Market Risks

The value of a Client's holdings may fluctuate in response to events specific to companies or markets, as well as economic, political, or social events in the U.S. and abroad. This risk is linked to the performance of the overall financial markets.

### ETF Risks

The performance of ETFs is subject to market risk, including the possible loss of principal. The price of the ETFs will fluctuate with the price of the underlying securities that make up the funds. In addition, ETFs have a trading risk based on the loss of cost efficiency if the ETFs are traded actively and a liquidity risk if the ETFs has a large bid-ask spread and low trading volume. The price of an ETF fluctuates based upon the market movements and may dissociate from the index being tracked by the ETF or the price of the underlying investments. An ETF purchased or sold at one point in the day may have a different price than the same ETF purchased or sold a short time later.

### Mutual Fund Risks

The performance of mutual funds is subject to market risk, including the possible loss of principal. The price of the mutual funds will fluctuate with the value of the underlying securities that make up the funds. The price of a mutual fund is typically set daily therefore a mutual fund purchased at one point in the day will typically have the same price as a mutual fund purchased later that same day.

**Past performance is not a guarantee of future returns. Investing in securities and other investments involve a risk of loss that each Client should understand and be willing to bear. Clients are reminded to discuss these risks with the Advisor.**

## **Item 9 – Disciplinary Information**

**There are no legal, regulatory or disciplinary events involving BMS Financial or its management persons.** BMS Financial values the trust Clients place in the Advisor. The Advisor encourages Clients to perform the requisite due diligence on any advisor or service provider that the Client engages. The backgrounds of the Advisor and its Advisor Persons are available on the Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with the Advisor's firm name or CRD# 134738.

## **Item 10 – Other Financial Industry Activities and Affiliations**

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### Broker-Dealer Affiliation

As noted in Item 5, Advisory Persons are also registered representatives of SagePoint. SagePoint is a registered broker-dealer, member FINRA, SIPC. In one's separate capacity as a registered representative, the Advisory Person will receive commissions for the implementation of recommendations for commissionable transactions. Clients are not obligated to implement any recommendation provided by the Advisory Person. Neither the Advisor nor the Advisory Person will earn ongoing investment advisory fees in connection with any services implemented in the Advisory Person's separate capacity as a registered representative.

### Insurance Agency Affiliations

As noted in Item 5, Advisory Persons are also licensed insurance professionals. Implementations of insurance recommendations are separate and apart from one's role with BMS Financial. As an insurance professional, the Advisory Person will receive customary commissions and other related revenues from the various insurance companies whose products are sold. The Advisory Person is not required to offer the products of any particular insurance company. Commissions generated by insurance sales do not offset regular advisory fees. This practice presents a conflict of interest in recommending certain products of the insurance companies. Clients are under no obligation to implement any recommendations made by the Advisory Persons or the Advisor.

## **Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

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### **A. Code of Ethics**

BMS Financial has implemented a Code of Ethics (the "Code") that defines the Advisor's fiduciary commitment to each Client. This Code applies to all persons associated with BMS Financial ("Supervised Persons"). The Code was developed to provide general ethical guidelines and specific instructions regarding the Advisor's duties to the Client. BMS Financial and its Supervised Persons owe a duty of loyalty, fairness and good faith towards each Client. It is the obligation of BMS Financial's Supervised Persons to adhere not only to the specific provisions of the Code, but also to the general principles that guide the Code. The Code covers a range of topics that address employee ethics and conflicts of interest. To request a copy of the Code, please contact the Advisor at (605) 341-1555.

### **B. Personal Trading with Material Interest**

BMS Financial allows Supervised Persons to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients. BMS Financial does not act as principal in any transactions. In addition, the Advisor does not act as the general partner of a fund, or advise an investment company. BMS Financial does not have a material interest in any securities traded in Client accounts.

### **C. Personal Trading in Same Securities as Clients**

BMS Financial allows Supervised Persons to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients. Owning the same securities that are recommended (purchase or sell) to Clients presents a conflict of interest that, as fiduciaries, the Advisor must be disclosed to Clients and mitigate through policies and procedures. As noted above, the Advisor has adopted the Code to address insider trading (material non-public information controls); gifts and entertainment; outside business activities and personal securities reporting. When trading for personal accounts, Supervised Persons have a conflict of interest if trading in the same securities. The fiduciary duty to act in the best interest of its Clients can be violated if personal trades are made with more advantageous terms than Client trades, or by trading based on material non-public information. This risk is mitigated by BMS Financial requiring reporting of personal securities trades by its Supervised Persons for review by the Chief Compliance Officer ("CCO") or delegate. The Advisor has also adopted written policies and procedures to detect the misuse of material, non-public information.

### **D. Personal Trading at Same Time as Client**

While BMS Financial allows Supervised Persons to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients, such trades are typically aggregated with Client orders or

traded afterward. **At no time will BMS Financial, or any Supervised Person of BMS Financial, transact in any security to the detriment of any Client.**

## **Item 12 – Brokerage Practices**

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### **A. Recommendation of Custodian[s]**

BMS Financial does not have discretionary authority to select the broker-dealer/custodian for custody and execution services. The Client will engage the broker-dealer/custodian (herein the "Custodian") to safeguard Client assets and authorize BMS Financial to direct trades to the Custodian as agreed upon in the investment advisory agreement. Further, BMS Financial does not have the discretionary authority to negotiate commissions on behalf of Clients on a trade-by-trade basis.

Where BMS Financial does not exercise discretion over the selection of the Custodian, it may recommend the Custodian[s] to Clients for custody and execution services. Clients are not obligated to use the Custodian recommended by the Advisor and will not incur any extra fee or cost associated with using a custodian not recommended by BMS Financial. However, the Advisor may be limited in the services it can provide if the recommended Custodian is not engaged. BMS Financial may recommend the Custodian based on criteria such as, but not limited to, reasonableness of commissions charged to the Client, services made available to the Client, and its reputation and/or the location of the Custodian's offices.

BMS Financial will generally recommend that Clients establish their account[s] at Pershing LLC ("Pershing"), a FINRA-registered broker-dealer and member SIPC. Pershing will serve as the Client's "qualified custodian". BMS Financial maintains an institutional relationship with Pershing whereby the Advisor receives economic benefits from Pershing. Please see Item 14 below.

As registered representatives of SagePoint, the Advisor may be limited in using other broker-dealers/custodians as SagePoint must approve the use of any outside broker-dealer/custodian.

Following are additional details regarding the brokerage practices of the Advisor:

**1. Soft Dollars** - Soft dollars are revenue programs offered by broker-dealers/custodians whereby an advisor enters into an agreement to place security trades with a broker-dealer/custodian in exchange for research and other services. **BMS Financial does not participate in soft dollar programs sponsored or offered by any broker-dealer/custodian. However, the Advisor receives certain economic benefits from the Custodian. Please see Item 14 below.**

**2. Brokerage Referrals** - BMS Financial does not receive any compensation from any third party in connection with the recommendation for establishing an account.

**3. Directed Brokerage** - All Clients are serviced on a "directed brokerage basis", where BMS Financial will place trades within the established account[s] at the Custodian designated by the Client. Further, all Client accounts are traded within their respective account[s]. The Advisor will not engage in any principal transactions (i.e., trade of any security from or to the Advisor's own account) or cross transactions with other Client accounts (i.e., purchase of a security into one Client account from another Client's account[s]). BMS Financial will not be obligated to select competitive bids on securities transactions and does not have an obligation to seek the lowest available transaction costs. These costs are determined by the Custodian.

### **B. Aggregating and Allocating Trades**

The primary objective in placing orders for the purchase and sale of securities for Client accounts is to obtain the most favorable net results taking into account such factors as 1) price, 2) size of the order, 3) difficulty of execution, 4) confidentiality and 5) skill required of the Custodian. BMS Financial will execute its transactions through the Custodian as authorized by the Client.

BMS Financial may aggregate orders in a block trade or trades when securities are purchased or sold through the Custodian for multiple (discretionary) accounts in the same trading day. If a block trade cannot be executed

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**BMS Financial Advisors, LLC**

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in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated in a manner that is consistent with the initial pre-allocation or other written statement. This must be done in a way that does not consistently advantage or disadvantage any particular Client accounts.

## **Item 13 – Review of Accounts**

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### **A. Frequency of Reviews**

Securities in Client accounts are monitored on a regular and continuous basis by Douglas Maher, Chief Compliance Officer of BMS Financial. Formal reviews are generally conducted at least annually or more frequently depending on the needs of the Client.

### **B. Causes for Reviews**

In addition to the investment monitoring noted in Item 13.A., each Client account shall be reviewed at least annually. Reviews may be conducted more frequently at the Client's request. Accounts may be reviewed as a result of major changes in economic conditions, known changes in the Client's financial situation, and/or large deposits or withdrawals in the Client's account[s]. The Client is encouraged to notify BMS Financial if changes occur in the Client's personal financial situation that might adversely affect the Client's investment plan. Additional reviews may be triggered by material market, economic or political events.

### **C. Review Reports**

The Client will receive brokerage statements no less than quarterly from the Custodian. These brokerage statements are sent directly from the Custodian to the Client. The Client may also establish electronic access to the Custodian's website so that the Client may view these reports and their account activity. Client brokerage statements will include all positions, transactions and fees relating to the Client's account[s]. The Advisor may also provide Clients with periodic reports regarding their holdings, allocations, and performance.

## **Item 14 – Client Referrals and Other Compensation**

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### **A. Compensation Received by BMS Financial**

#### Participation in Institutional Advisor Platform

BMS Financial has established an institutional relationship with Pershing ("Custodian") to assist the Advisor in managing Client account[s]. Access to the Pershing platform is provided at no charge to the Advisor. The Advisor receives access to software and related support without cost because the Advisor renders investment management services to Clients that maintain assets at Pershing. The software and related systems support may benefit the Advisor, but not its Clients directly. In fulfilling its duties to its Clients, the Advisor endeavors at all times to put the interests of its Clients first. Clients should be aware, however, that the receipt of economic benefits from a Custodian creates a potential conflict of interest since these benefits may influence the Advisor's recommendation of this Custodian over one that does not furnish similar software, systems support, or services.

### **B. Client Referrals from Solicitors**

BMS Financial may engage and compensate unaffiliated third party referral sources (a "solicitor") for Client referrals. Clients will not pay a higher fee to BMS Financial as a result of such payments to a solicitor. The Advisor shall enter into an agreement with the solicitor, which requires that full disclosure of the compensation and other conflicts is provided to the prospective client prior to or at the time of entering into the advisory agreement.

## **Item 15 – Custody**

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BMS Financial does not accept or maintain custody of any Client accounts, except for the authorized deduction of the Advisor's fees. All Clients must place their assets with a "qualified custodian". Clients are required to engage the Custodian to retain their funds and securities and direct BMS Financial to utilize that Custodian for the Client's security transactions. Clients should review statements provided by the Custodian and compare to

any reports provided by BMS Financial to ensure accuracy, as the Custodian does not perform this review. For more information about custodians and brokerage practices, see Item 12 – Brokerage Practices.

### **Item 16 – Investment Discretion**

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BMS Financial generally has discretion over the selection and amount of securities to be bought or sold in Client accounts without obtaining prior consent or approval from the Client. However, these purchases or sales may be subject to specified investment objectives, guidelines, or limitations previously set forth by the Client and agreed to by BMS Financial. Discretionary authority will only be authorized upon full disclosure to the Client. The granting of such authority will be evidenced by the Client's execution of an investment advisory agreement containing all applicable limitations to such authority. All discretionary trades made by BMS Financial will be in accordance with each Client's investment objectives and goals.

### **Item 17 – Voting Client Securities**

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BMS Financial does not accept proxy-voting responsibility for any Client. Clients will receive proxy statements directly from the Custodian. The Advisor will assist in answering questions relating to proxies, however, the Client retains the sole responsibility for proxy decisions and voting.

### **Item 18 – Financial Information**

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Neither BMS Financial, nor its management, have any adverse financial situations that would reasonably impair the ability of BMS Financial to meet all obligations to its Clients. Neither BMS Financial, nor any of its Advisory Persons, have been subject to a bankruptcy or financial compromise. BMS Financial is not required to deliver a balance sheet along with this Disclosure Brochure as the Advisor does not collect advance fees of \$1,200 or more for services to be performed six months or more in the future.

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## Privacy Policy

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Effective: March 04, 2022

### Our Commitment to You

BMS Financial Advisors, LLC ("BMS Financial" or the "Advisor") is committed to safeguarding the use of personal information of our Clients (also referred to as "you" and "your") that we obtain as your Investment Advisor, as described here in our Privacy Policy ("Policy").

Our relationship with you is our most important asset. We understand that you have entrusted us with your private information, and we do everything that we can to maintain that trust. BMS Financial (also referred to as "we", "our" and "us") protects the security and confidentiality of the personal information we have and implements controls to ensure that such information is used for proper business purposes in connection with the management or servicing of our relationship with you.

BMS Financial does not sell your non-public personal information to anyone. Nor do we provide such information to others except for discrete and reasonable business purposes in connection with the servicing and management of our relationship with you, as discussed below.

Details of our approach to privacy and how your personal non-public information is collected and used are set forth in this Policy.

### Why you need to know?

Registered Investment Advisors ("RIAs") must share some of your personal information in the course of servicing your account. Federal and State laws give you the right to limit some of this sharing and require RIAs to disclose how we collect, share, and protect your personal information.

### What information do we collect from you?

Driver's license number	Date of birth
Social security or taxpayer identification number	Assets and liabilities
Name, address and phone number[s]	Income and expenses
E-mail address[es]	Investment activity
Account information (including other institutions)	Investment experience and goals

### What Information do we collect from other sources?

Custody, brokerage and advisory agreements	Account applications and forms
Other advisory agreements and legal documents	Investment questionnaires and suitability documents
Transactional information with us or others	Other information needed to service account

### How do we protect your information?

To safeguard your personal information from unauthorized access and use we maintain physical, procedural and electronic security measures. These include such safeguards as secure passwords, encrypted file storage and a secure office environment. Our technology vendors provide security and access control over personal information and have policies over the transmission of data. Our associates are trained on their responsibilities to protect Client's personal information.

We require third parties that assist in providing our services to you to protect the personal information they receive from us.

### How do we share your information?

An RIA shares Client personal information to effectively implement its services. In the section below, we list some reasons we may share your personal information.

Basis For Sharing	Do we share?	Can you limit?
<b>Servicing our Clients</b> We may share non-public personal information with non-affiliated third parties (such as administrators, brokers, custodians, regulators, credit agencies, other financial institutions) as necessary for us to provide agreed upon services to you, consistent with applicable law, including but not limited to: processing transactions; general account maintenance; responding to regulators or legal investigations; and credit reporting.  BMS Financial shares Client information with SagePoint. This sharing is due to the oversight SagePoint has over certain Supervised Persons of the Advisor. You may also contact us at any time for a copy of the SagePoint Privacy Policy.	Yes	No
<b>Marketing Purposes</b> BMS Financial does not disclose, and does not intend to disclose, personal information with non-affiliated third parties to offer you services. Certain laws may give us the right to share your personal information with financial institutions where you are a customer and where BMS Financial or the client has a formal agreement with the financial institution. <b>We will only share information for purposes of servicing your accounts, not for marketing purposes.</b>	No	Not Shared
<b>Authorized Users</b> Your non-public personal information may be disclosed to you and persons that we believe to be your authorized agent[s] or representative[s].	Yes	Yes
<b>Information About Former Clients</b> BMS Financial does not disclose and does not intend to disclose, non-public personal information to non-affiliated third parties with respect to persons who are no longer our Clients.	No	Not Shared

### Changes to our Privacy Policy

We will send you a copy of this Policy annually for as long as you maintain an ongoing relationship with us.

Periodically we may revise this Policy and will provide you with a revised Policy if the changes materially alter the previous Privacy Policy. We will not, however, revise our Privacy Policy to permit the sharing of non-public personal information other than as described in this notice unless we first notify you and provide you with an opportunity to prevent the information sharing.

### Any Questions?

You may ask questions or voice any concerns, as well as obtain a copy of our current Privacy Policy by contacting us at (605) 341-1555.